

Message Text

CONFIDENTIAL

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12

ORIGIN EB-11

INFO OCT-01 AF-10 EUR-25 NEA-10 ADP-00 COME-00 INT-08

OEP-01 SCEM-02 TRSE-00 OMB-01 CIAE-00 DODE-00 PM-09

H-02 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

SS-15 USIA-12 STR-08 CEA-02 CIEP-02 /147 R

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NEA/ GRK - MR. SILVA

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R 042219 Z MAY 73

FM SECSTATE WASHDC

TO AMEMBASSY LONDON

AMEMBASSY TRIPOLI

AMEMBASSY ATHENS

INFO AMEMBASSY BEIRUT

AMEMBASSY TEHRAN

USINT ALGIERS

USINT BAGHDAD

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY BONN

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY THE HAGUE

C O N F I D E N T I A L STATE 085355

E. O. 11652

TAGS: ENRG

SUBJECT: OPEC NEGOTIATIONS AND LIBYA

REF: TRIPOLI 569

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1. OIL COMPANY SOURCES HAVE INFORMED US THAT NEGOTIATING TEAM FOR PARITY DISCUSSIONS HAS BEEN REQUESTED TO RETURN TO TRIPOLI MAY 7 FOR FURTHER ROUND OF NEGOTIATIONS. OPEC MEETING PREVIOUSLY CALLED BY MABRUK APPARENTLY POSTPONED OR CANCELLED DUE TO INABILITY (OR UNWILLINGNESS) YAMANI, UTAYBA, AND AMUZEGAR TO ATTEND.

2. COMPANIES SENT LETTER TO OPEC NEGOTIATING TEAM MAY 4 REITERATING THEIR POSITION IN LAST ROUND OF NEGOTIATIONS (I. E. PREPAREDNESS TO MAKE FLEXIBLE INTERPRETATIONS OF GENEVA PARITY ACCORD AND ITS FORMULA WHICH WOULD ALLOW FOR PRICE INCREASES OF APPROXIMATELY 7.7 PERCENT AS OPPOSED TO PRESENTLY APPLIED 5.6 PERCENT OR OPEC DEMAND FOR 11.1). COMPANY LETTER DID NOT, HOWEVER, OFFER NEW PROPOSAL AS OPEC SIDE HAD DEMANDED, AND COMPANIDEL SEES POSSIBILITY OF SAN FRANCISCO- MEXICO CITY ROUTE FOR US.

I. MEXDEL SEES WAY OPEN FOR LOS ANGELES- GUADALAJARA ROUTE FOR US.

J. MEXICO SEEKS ADDITION SAN FRANCISCO AS CO-TERMINAL WITH LOS ANGELES ON ITS ROUTES D AND E.

K. NO OBJECTION HAS BEEN EXPRESSED TO ADDING CAN CUM TO MEXICAN ROUTE A AS PART OF PACKAGE.

L. MEXDEL WOULD GRANT BEYOND RIGHTS ON US SAN FRANCISCO- MEXICO CITY ROUTE IN EXCHANGE FOR FIFTH FREEDOM RIGHTS FROM CHICAGO TO AN AS YET UNDEFINED POINT IN CANADA.

M. MEXDEL COULD AGREE TO ADDITION OF MEXICO CITY TO US ROUTE O PROVIDED THERE IS A MANDATORY STOP BETWEEN NEW YORK AND MEXICO CITY.

N. NEW ROUTES TO MEXICAN DEVELOPMENTAL POINTS SUCH AS CAN CUM, MANZANILLO, SAN JOSE DEL CABO ETC. AS WELL AS BETTER KNOWN POINTS SUCH AS PUERTO VALLARTA, MAZATLAN, OAXACA, GUADALAJARA CAN EASILY BE AGREED UPON. END OF LIMITED OFFICIAL USE

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MEXICAN SUMMARY.

3. FYI. ALTHOUGH WE HAVE IN SIGHT THE REALIZATION OF VIRTUALLY ALL THAT WE HAVE SOUGHT, THE PROSPECT OF A ROUTE EXCHANGE OF THIS MAGNITUDE HAS GIVEN RISE TO INTRA-US CARRIER RIVALRIES AND CONCERNS FOR WHICH CAB NEEDS TIME TO EVALUATE AND SORT OUT. IT IS OBVIOUS AT THIS

JUNCTURE MEX POSITION DOMINATED BY TOURISM CONSIDERATIONS
AND STRONG DESIRE OPEN NEW MEXICAN POINTS TO AIR SERVICES.
END FYI. RUSH

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NMAFVVZCZ

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*** Current Classification *** CONFIDENTIAL

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BEIRUT
JIDDA
KUWAIT
LONDON

PARIS
TEHRAN
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